

Doing Business In Washington

With the energy crisis, the drought and the huge transportation problems looming, little time was available this session to look at needed reforms in how the state regulates businesses. Private industry is the best friend any state can have, so it makes sense we should do as much as possible to stay out of the way. We don't. The backdrop is this: Washington's businesses pay about half of the state and local tax burden; and Washington is ranked the 5th most regulated state in the nation. Here are some the things that got lost in the shuffle this session and should move to the front burner as soon as possible.

- Require a cost-benefit analysis of all proposed new rules.
- Require state agencies to notify a business or industry when a new rule is likely to affect it.
- Delay the effective date of significant new rules proposed by the state Departments of Ecology (DOE) and Labor & Industries (L&I) until after the next legislative session so they are subject to legislative review.
- Increase the limit on attorney fees paid when a rule is successfully challenged in court.
- Allow attorney fees to be paid to the prevailing party in administrative challenges.

Balancing The Budget

This year, in trying to balance the budget, we had to factor in I-728 and I-732 that were approved by voters last November. Together these education initiatives added a \$700 million obligation – off the top – before any other part of state government could be funded.

Bow Wave...The pay raises required under I-732 will have a bow wave effect in future biennia because the mandatory annual cost of living adjustments (COLAs) will be calculated on the new base created by the last COLA. Be that as it may, we responded to the wishes of the voters.

Tidal Wave...The next budget challenge we'll face will be a \$1 billion tidal wave when it hits. In the next two-year budget cycle, the Legislature will have to deal with a 30 percent increase in the cost of providing health care coverage for the state's poor (Medicaid); a 37 percent increase in the cost of providing health care coverage for state employees, teachers and state college faculty (131,000 people); and a 30 percent increase in the cost of helping the state's low-income working families buy health care insurance through the state's Basic Health Plan.

How To Contact Me

Leadership: Republican Assistant Whip
Standing Committees: Ways & Means, Education (K-12), Human Services & Corrections.

Special Committees: The Lt. Governor's Legislative Committee on Economic Development, a body charged with finding ways to eliminate barriers to job growth and the expansion of business, industry and trade opportunities; Tourism Development Advisory Committee, a body charged with developing innovative ways to promote Washington's tourism industry.

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Keeping In Touch: If you would like to receive weekly email updates on legislative activities during sessions, please email me and let me know so I can put you on my distribution list.



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Dear Neighbor:

It's hard to know where to begin. I'm told the 2001 Legislative Session was the most unusual in recent memory, but being a freshman, whatever the character of the session, it would have been unusual to me!

Some are saying we did nothing, but in fact we did a lot. The water rights permit logjam that has stymied legislators since 1987 was finally broken; and we immediately stepped up to the plate in addressing the energy crisis. I will review these and other accomplishments in this newsletter.

In addition to the most talked about shortfall – transportation – the Legislature also failed to deal with easing the regulatory burden on Washington's businesses and industries. Given the transportation gridlock, for many companies this will prove to be a double whammy.

The waiting game in some legislative arenas is costly, but wait we must do. It is a challenge to forge solutions to complicated and sometimes controversial problems considering we have 147 very different legislators who must all make up their minds within a given time frame. But, there are answers and I am confident that we will get to where we need to go.

I hope you find this newsletter informative and thought provoking. I welcome your feedback. You can email me at hewitt_mi@leg.wa.gov if you find it more convenient than calling or writing. If you do have email and would like to receive my weekly updates during legislative sessions, please let me know.

I've included a special section in this newsletter on my committee assignments and how to contact me, please clip it out and put it in your phone book so you'll have it handy.

Thank you for the honor to serve you in the Washington State Senate.

Sincerely,

Mike



Sen. Hewitt, center, makes a point at a news conference on the need to break the water rights logjam.

No Water, No Food

This year, the effort to break the logjam in the water rights permitting process that began in 1987 was finally achieved. Since 1985, the water rights permit application backlog has increased from 1,616 to more than 7000 by January of this year. It was taking seven to ten years to get a water rights decision.

Perhaps it was the drought or the energy crisis or the spirit of cooperation in the Senate, but whatever the reason, this year the logjam was broken by approval of a water management package. The key piece of this new law is that existing water rights decisions may be rendered independently of new applications – called the “two lines” provision. No longer will farmers with minor, but important change requests have to get in line behind new and complicated permit applications. The bill also allows water rights permit holders to make water donations for salmon restoration without losing their permit; and clarifies that Conservation Districts may process changes and transfers.



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Senator Mike Hewitt’s Eastsiders’ Report

2001 Session in Review



We’re In This Together

Washington is one state – a statement that isn’t as obvious as it seems. Both the Eastside and the Westside have major problems, they’re just different. If those of us from the Eastside don’t support solutions to the problems on the Westside, they won’t support us.

We need to be very mindful that when the Third Special Session ended without a transportation plan to relieve the gridlock in the Puget Sound Corridor, it also ended without a major relief package for Eastern Washington farmers suffering from the drought and the June storm.

Fortunately for us, Governor Locke released \$500,000 for community action agencies to help families affected by crop losses receive emergency food, shelter and other services. This is in addition to \$250,000 that he earlier authorized to help farm worker families cope with crop damage. It’s not enough, but it’s something. There’s nothing he can do about too many cars on too few roads in Seattle. Just fixing the I-405 gridlock problem on King County’s eastside will cost \$8 billion.

Speaking Of Transportation

The 20-year transportation needs in Washington add up to \$10 billion statewide, and \$32 billion in the Puget Sound Corridor. That’s not chump change. I would be very supportive of bringing on line a system of congestion relief toll (CRT) lanes to solve the Puget Sound gridlock.

Under this system, travel time is significantly reduced for those willing to pay a toll, just as HOV lanes reduce travel time for people willing to carpool. The free travel lanes are also less congested as a result.

In addition, under this system of congestion relief, the general motoring public does not shoulder the burden.

Since the gas tax is the only revenue stream for transportation projects (it’s earmarked by the Washington State Constitution), I think it is naïve to say it won’t be raised in the near future, but it’s crazy to believe that the gas tax could or should ever be raised high enough to deal with all the transportation needs of the Puget Sound region.

But we have to do something. Even though you and I don’t lose family time and burn up gas spending an hour getting 20 minutes away from home, our agricultural products are being impacted. Truckers say it takes longer to get to the Seattle/Tacoma ports from Issaquah (15 miles east of Seattle), than it does to get from Eastern Washington farms to Issaquah. We have a stake in this traffic mess and we need to support a fix.

In the meantime, we approved two transportation efficiency and reform bills this year: The Washington State Department of Transportation (WSDOT) may now use the innovative and time/cost-saving “design-build” method for major transportation projects. This method allows WSDOT to give the bid to one contractor for the entire project. The second efficiency measure signed into law streamlines the environmental permitting process for transportation projects. Getting a handle on this cumbersome process will get road projects completed faster so the costly game of waiting doesn’t overtake a project. In the transportation game, time is money. We will be able to see both of these reforms in the current “no new revenue” transportation budget.

One important reform that the Senate passed, but the House did not consider, is a directive to WSDOT and the Department of Labor and Industries to conduct a review of current practices used in setting “prevailing wage” rates for trades in the transportation field. This has become an issue because many believe the prevailing wage in Seattle should not dictate the prevailing wage in other areas of the state.

The Lost Ag Relief Package & Some Good News

During the July legislative session, Eastern Washington senators proposed nine bills that made up the Agriculture Relief Package. There was immediate relief for cherry and

apple growers – 40 percent of the state’s cherry crops and enough apples to fill 7 million boxes were lost to the June storm. The package would have provided both property tax relief and Business & Occupation tax relief. The package also reached into the future by providing money to help control pests and diseases, and by making grants available to irrigation districts for water efficiencies and conservation. Unfortunately, as I mentioned before, this package is still sitting on the table – for now.

Now the good news: Several new laws will help agricultural and rural areas of our state.

- The growing of short-term hardwood trees on agricultural land will be taxed as an agricultural product, not at the higher rate of timber; and the growing cycle is expanded to 15 years for exemption from the timber excise tax.
- A stable source of funding for agricultural fairs was enacted — \$2 million from the state general fund each fiscal year.
- An exemption from the rules and regulations of the Forest Practices Act is granted to the planting of native trees and shrubs under the federal/state Conservation Reserve Enhancement Program on agricultural land adjacent to streams with endangered salmon.
- The ban on normal and customary agricultural burning in urban growth areas is stricken as long as the burning is not done during air quality episodes and the agricultural activity preceded the designation of the urban growth area.
- Product standards will be adopted for the use of straw-board as a construction material to allow a gainful use of the increasing supply of straw as a by-product in the production of cereal grain, turf or seed grass.
- Grain warehouses are given options for reporting their Business & Occupation taxes to accommodate a system already in place.
- The Washington Economic Development Finance Authority’s debt ceiling is raised so more businesses in rural counties can receive financial assistance.
- Special taxing districts can now be formed, with voter approval, to support an economic development project. Usually, this means putting public infrastructure in place (roads, utilities) so businesses can locate in an area in need of jobs. Property owners outside the special district would not be obligated for any bonding the district undertakes.
- Ranchers can now apply to the state for assistance for damage caused to rangelands by wildlife. This is already the case for agricultural land.
- Two programs were created to promote Washington’s agricultural products in both domestic and foreign markets. Startup money is made available for the programs, and there is an industry match provision.
- An exemption from the state property tax is provided for all farm machinery and equipment used exclusively for farming.

Sexual Predators, The Neighbors Nobody Wants

The most high profile issue in our district coming into the 2001 session was the siting of a residential sexual predator facility. It seemed in January that the state Department of Social & Health Services was going to put three such offenders in somebody’s neighborhood in Walla Walla. By the end of June, the Legislature had reached an agreement to fund a 24-bed facility on McNeil Island in Puget Sound. The court has ruled that we still need to look at other sites, but the pressure is off; and the siting criteria in the new law makes Walla Walla an unlikely choice.

Of long-term significance in the new law is the provision that changes criminal sentencing procedures in sex predator cases from “determinate” (in other words, for a time fixed in state law) to “indeterminate.” This will allow the state’s criminal justice system to retain control of dangerous predators for longer periods of time. For some rapists and molesters, longer sentences will mean “for life.”

We also closed a “loophole” in the “Two Strikes You’re Out Law” for sex offenders. Now, out-of-state and federal convictions will count as a strike, and prior offenses in Washington State that are similar to crimes on the “strike” list will count.

Vocational Education In Prisons Survives

Coming into the 2001 session we faced a proposal by Governor Locke to completely eliminate vocational education for prison inmates. Such programs like the one provided by WWCC to inmates at the Washington State Penitentiary include adult basic education, job readiness, and skills training. Fortunately, there were enough of us in the Legislature that said it made absolutely no sense to cut prison vocational programs. Is it good for anyone to send offenders back into society without any skills to keep them out of trouble? No. We didn’t cut the funding.

More On Education

No agreement was reached this session on what to do with failing schools (the “School Accountability” bill). The major issues of concern were choice for parents of students in failing schools, and usurping the power of school districts to deal with failing schools at the local level. However, \$2.8 million is provided in the 2001-03 state operating budget for the Superintendent of Public Instruction (SPI) to provide “focused assistance” to failing schools.

What is a “Failing School”? Children are given the Iowa Basic Skills Test in the 3rd, 6th and 9th grades, and take the Washington Assessment of Student Learning (WASL) test in the 4th, 7th and 10th grade. Student scores on these tests, and improvements in how students do over time, determine how well a school is doing. If students in a particular school consistently do poorly, the SPI’s office will do an assessment to determine what the school can do to improve learning.



Walla Walla’s Wind Farm On The Cutting Edge

While the water rights issue lingered for over a decade, the Legislature immediately stepped up to the plate on the energy crisis. For a body that so often moves slowly, this is a major accomplishment.

The energy package approved gives the state both short-term and long-term tools to work with. Primarily, the new law allows existing power plants to operate more efficiently by increasing their power output without going through a long, onerous process. A sales and use tax exemption is provided to encourage certain plants to install air pollution control equipment so they can operate more hours.

The bill also requires large providers to bring “green power” options on line so that customers can choose to use renewable power sources such as land-fill gas, wind power, solar power, and tidal power. Tax credits will also be given to companies that participate in helping low-income families heat their homes; and there is new money for the state’s energy assistance program for low-income families.

